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SUBJECT: CROSS-BORDER MOVEMENT OF PEOPLE EXPANDS WITH GREATER MEKONG HIGHWAY

REF: A. A. CHIANG MAI 73: CHINESE LANGUAGE STUDY RISING IN NORTHERN THAILAND, BUT NOT SUPPLANTING ENGLISH
[B. B. 07 CHIANG MAI 166: GATEWAY OR SPEED-BUMP? NORTHERN THAILAND AND THE KUNMING-BANGKOK CORRIDOR](#)

CHIANG MAI 00000169 001.2 OF 003

Sensitive But Unclassified; please handle accordingly.

Summary and Comment

[11. \(U\)](#) With the Greater Mekong Subregion (GMS) highway infrastructure project nearing completion, movement of persons and trade in services - not only trade in goods - across the northern Thai border is increasing. While the number of persons entering Thailand at Chiang Khong, the border point for the GMS' R3A North-South Corridor highway, has increased by over one-third since 2006, the number of people entering Thailand via the nearby Mekong river port of Chiang Saen has dropped. Moreover, relatively better Thai medical services are attracting Burmese and Laotians into northern Thailand; while business opportunities and appealing tourist destinations are pulling Thais northward across the border.

[12. \(SBU\)](#) Comment: For Thai experts who monitor GMS developments, services are a promising competitive advantage for northern Thailand, where wages and education levels tend to be higher relative to neighboring eastern Burma, northern Laos, and southern China. Despite increasing cross-border mobility of people, a surprising trend has been the increasing movement of Thai tourists into China rather than the over-estimated number of Chinese tourists to Thailand, which has been relatively low. Moreover, the number of students entering Thailand for study abroad from the region remains low, despite the relatively higher quality and quantity of higher education institutions in northern Thailand. Unlike medical services, the tourism sector in northern Thailand cannot take for granted such an advantage when China, Laos, and even Burma are offering equally or more desirable tourist destinations. For education, northern Thailand could stand to improve its accessibility to non-Thais with expanded international programs. End summary and comment.

With Better Land Transport, More Thais Travel North

[13. \(U\)](#) The overall movement of people for tourism, business, and study abroad through the Chiang Khong land port has increased in recent years thanks to the construction of the R3A, a highway that connects central Thailand to southern China via Laos, also known as the North-South corridor. (Note: The R3A highway is completed with the exception of a bridge that will connect Chiang Khong to Huay Sai, Laos in 2012.) The Chiang Khong Immigration office told Econoff and EconLES during a trip to the border region that the number of people crossing this Thai-Lao border point has doubled from an average of 300 persons per day in 2007 to 600 persons per day this year. Thais and westerners, mainly tourists in both cases, accounted for 70% of those entering Thailand via Chiang Khong in 2007. For Thai travelers, both exit and entry through Chiang Khong has increased in recent years both by passport-holders and by Thai-Lao border-crossing cardholders.

[14. \(U\)](#) While accessible land transportation has increased traffic through Chiang Khong via the R3A, the numbers of people passing through the nearby entry points of Chiang Saen and Mae Sai have declined slightly or remained unchanged. At Chiang Saen, the main Mekong river port, the bulk of people crossing the border are Thais going to and from casinos across the river in Laos. Thais, mainly gamblers, make up about 80% of those

entering and exiting at Chiang Saen; immigration officials report that the number of people crossing there has dropped slightly because of fewer marketing incentives offered by the casinos in recent years. At Mae Sai on the Thai-Burma border, Burmese cross into Thailand for medical services and tourism while Thais cross into the adjacent city of Tachilek to set up businesses in the local market (see para 7). At Mae Sai, border-crossing remains very high with over 4,000 entering Thailand each day according to local immigration officials. (Note: At Mae Sai, many merchants cross back and forth more than once daily; each crossing is counted, even if the same individual crosses more than once per day.)

Mobility Fueled by Thai Tourists, Not Tourists to Thailand

15. (U) According to immigration officials along the northern border, Thai tourists are traveling across the border, primarily to southern China, more frequently, while fewer than expected numbers of Chinese tourists are entering northern Thailand. Immigration officials report that Thai tourists are attracted to cities such as Jinghong in southern China, which is culturally

CHIANG MAI 00000169 002.2 OF 003

similar to northern Thailand; and, most recently, elderly Thai tourists see the region as a safe alternative to the Thai-Cambodian border which remains tense due to the Preah Vihear conflict. This year, only 7.2% of those who have entered Thailand via Chiang Khong (or 2,443 people) are Chinese.

16. (U) The President of the Chiang Rai Chamber of Commerce said that while the northern Thai tourism sector has been optimistic about a flood of Chinese tourists after the completion of the R3A route, the reality has been more and more Thais going to China as tourists. He said that the northern Thai tourism sector will have to work harder to market itself in southern China and the Mekong subregion as a tourist destination. Having recently returned from a recent Chamber of Commerce organized road-trip on the R3A, the President of the Chamber said that in many ways southern China's tourism opportunities are of better quality than northern Thailand's, meaning the region will have to work harder to be competitive in this economically important sector. (Comment: His statement underlines the need for northern Thailand to diversify its economy beyond its current pillars of tourism and agricultural, both of which are seasonal.)

Thai Business Owners Increase Border Traffic

17. (SBU) Another way that Thais are pulled northward is the opportunity to set up businesses in the neighboring countries. This is most evident in Mae Sai and the adjacent Burmese city of Tachilek in Shan state. Both cities have bustling Chinese goods markets which attract consumers from around the region. While it is not surprising that most of the small businesses operating in the Mae Sai market are Thai, it is noteworthy that, according to Mae Sai immigration officials, an estimated half of the businesses operating in Tachilek are also Thai owned. According to those officials, another 30% of businesses in Tachilek are owned by the Hompang Company, a United Wa State Army controlled business; and the remaining 20% are owned by Burmese individuals.

18. (SBU) Most of these Thai business owners reside in Mae Sai and move across the border daily to maintain their Tachilek-based businesses. Thai immigration officials reported that recent intelligence suggests the Wa have resumed control of Tachilek over the past two to three months, and it is assumed they take fees or bribes from Thai business owners operating there.

Medical Services: A Successful Pull-Factor for Thailand

19. (U) While various factors push Thais north across the border, fewer than expected good but affordable services are in place to pull non-Thais into Thailand. One successful example, however, is Thai medical services. Hospitals in Chiang Khong, Chiang Saen, and Mae Sai all reported that they provide services to Burmese and Laotians who cross into Thailand seeking healthcare. At the Chiang Khong Hospital, Laotians make up about 12% of out-patient cases and 14% of in-patient cases. According to the hospital director, the numbers of Lao patients have increased by about 5% in the past year. The hospital attributes this trend to the lack of a medical welfare program in Laos and the higher quality of medical care in Thailand. The hospital reported that in only a few, rare cases did Laotians leave without paying for their services.

¶10. (U) In 2007, the Chiang Saen Hospital received 5,800 Lao patients and 649 Burmese patients, nearly 10% of the total patients for the year. (Note: An estimated 28,000 Laotians live across the Mekong River from Chiang Saen.) The hospital director estimates that almost all of these are laborers working in Thailand and about half of them are unregistered, illegal workers. The director said that when registered, a foreign worker can receive medical welfare benefits; but unregistered patients must pay for the services rendered. An important advantage for this hospital is its HIV-AIDS treatment program, for which non-Thai patients can receive financial assistance from the Global Fund for AIDS, Tuberculosis and Malaria.

¶11. (U) The Mae Sai Hospital has been most successful at leveraging its geographic location in the Greater Mekong Subregion. With 30% of its patients being Burmese, many of whom pay out-of-pocket for services, the hospital recognizes not only the high demand for good medical services from neighboring Burma but also the revenue that middle-class Burmese from adjacent Shan state bring to the hospital. The Mae Sai Hospital reported that it is one of the strongest revenue-generating public hospitals in Thailand because of its Burmese patients.

CHIANG MAI 00000169 003.2 OF 003

¶12. (U) One example of how the Mae Sai hospital has embraced its strategic location in the GMS is its establishment of the Greater Mekong Subregion Medical Training Center. Sponsored partly by the Royal Thai Government's Ministry of Public Health and the Japan International Friend and Welfare Foundation (JIFF), this center provides training to prospective doctors and nurses from the Mekong region. Over the past year, the center conducted its first program, offering a series of four training courses to 35 participants from Thailand and Laos. Next year, five Burmese students will join the program, and the center hopes to include Vietnamese participants in subsequent years.

¶13. (U) This cable was coordinated with Embassies Rangoon and Vientiane and Consulate General Chengdu.

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